

CAPITAL PROJECTS ADVISORY REVIEW BOARD

**John L. O'Brien Building
504 15th Avenue, Hearing Room A
Olympia, Washington
September 12, 2005
10:00 AM**

Minutes

<u>MEMBERS PRESENT</u>	<u>REPRESENTING</u>	<u>MEMBERS ABSENT</u>	<u>REPRESENTING</u>
Daniel Absher	General Contractor	Vacant	Insurance/Surety
Gerald "Butch" Reifert	Design Industry	Gary Ballew	Cities/Counties/Ports
Rocky Sharp	Specialty Contractor	Vacant	House of Representatives (R)
Ed Kommers	Specialty Contractor	Vacant	Senate (D)
David D. Johnson	Construction Trades Labor	Senator Dave Schmidt	Senate (R)
Carolyn Crowson	OMWBE		
Olivia Yang	Higher Education		
John Lynch	General Administration		
Rodney Eng	Cities/Counties/Ports		
Michael Mequet	Cities/Counties/Ports		
Wendy Keller	Public Hospital Project Review Board		
Dan Vaught	School District Project Review Board		
Rep. Kathy Haigh	House of Representatives (D)		

STAFF & GUESTS

Linda Villegas Bremer – GA
Nancy Deakins - GA
Kim Tanaka - Governor's Office of Boards & Commissions
Marsha Reilly - House Staff
Isabel Muñoz-Colón - JLARC Staff
Kim Mason - GA
Searetha Kelly - GA
Valerie Gow - Puget Sound Meeting Services

Welcome & Introductions – Director's Comments

Nancy Deakins, Department of General Administration (GA), called the Capital Projects Advisory Review Board (CPARB) meeting to order at 10:05 a.m. She welcomed everyone to the first meeting. Members and staff introduced themselves.

Ms. Deakins introduced GA Director Linda Villegas Bremer, who was appointed by Governor Gregoire in March 2005.

Ms. Bremer thanked board members for their interest in serving on the Board and for their commitment of time to serve the state. She noted Representative Haigh's expressed enthusiasm about the work the Board can accomplish. She congratulated members on their appointment by the Governor.

Ms. Bremer conveyed appreciation to Ms. Deakins and staff for managing the details of the first CPARB meeting.

Ms. Bremer's introductory comments centered on activities that GA is undertaking within the organization to accomplish goals as well as some recent successes of the agency.

Ms. Bremer reported the agency considers how all its activities link to taxpayer dollars. Each state action should link to some public benefit. The work completed by public works is one example. The renovation of the Legislative Building cost \$120 million, which paid for 1,000 contractors and materials that directly supported the economy. In addition, the building is now reinforced and has been modernized resulting in an award-winning historical restoration. The synergy of each construction dollar and the multiplier effect of the dollar are important to the agency. GA manages approximately \$400 million a year in public works projects.

Accountability is an important element of the Governor's agenda – linking every action state government takes to some public benefit. GA has aligned its resources more effectively to develop single points of accountability. The effort has created different challenges, but the GA is working on streamlining its operations as well as meeting the Governor's mandate for reducing 17 mid-management positions.

Ms. Bremer shared that when she was appointed as Director she conducted many interviews about what GA could do differently or improve. One objective is having a stronger leadership role and presence. In addition, GA is taking a stronger leadership role on green building practices and energy savings.

As part of the work of the Board, GA wants to ensure high quality projects that are safe, accessible, sustainable, and efficient for both the public and employees. GA also seeks flexibility and is stressing the importance of supporting more diversity in the contracting environment. Ms. Bremer cited as an example the Apprenticeship bill that was adopted during the last legislative session as well as minority and women-owned contractors. (need to clarify what was said/meant.)

Another success includes the completion of a \$48 million Skilled Nursing Facility for Veteran's Affairs using the General Contractor Construction Management Method (GC/CM).

The legislation established some clear responsibilities and the role of the CPARB. An important piece is the criteria that may be used to determine effective and use of alternatives for contracting procedures. At the very minimum, it is important to have the alternatives available to the decision-makers.

Ms. Bremer said she is personally committed to efficiencies within the agency and has conveyed to staff that GA is in a different environment and that today's problems cannot be solved with yesterday's thinking. She challenged the Board to think differently and to use their knowledge-base to work through problems and issues.

Ms. Bremer shared a story to illustrate the benefits of thinking differently.

Ms. Bremer concluded her comments by asking Board members to be open and receptive to solutions that will work and that are in the best interests of the taxpayer.

Governor's Office Welcome

Kim Tanaka, Governor's Office of Boards and Commissions, offered thanks to staff for assistance in coordinating the meeting and working with newly appointed Board members.

Ms. Tanaka briefed the Board on the role of the Governor's Office of Boards and Commissions. The Governor reviews all appointments and strives to appoint citizens who can best represent the State of Washington. Governor Gregoire is appreciative of volunteers who choose to serve in addition to their professional positions and for the time that takes away from their jobs to volunteer to serve the citizens of the state.

Many members may be unsure of the expectations for serving on the Board nor how to work within the state system. There are many questions that need answers. To assist members, Board training will be offered to all members in December. The training will entail an all-day training session followed by a reception at the Governor's Mansion.

Ms. Tanaka provided information about the state's boards and commissions. Currently, there are approximately 2,000 board members and 250 boards and commissions. Approximately eight to ten new boards were created by the Legislature during the last session. Three staff members are assigned to the office. Ms. Tanaka shared the names of the boards and commissions she works with. All staff members began working for the Office of Boards and Commissions in February. After meeting with the Governor to review expectations, staff members scheduled attendance to board and commission meetings to become acquainted with members and to provide accessibility to all members. She noted the response to date has been tremendous. Many members have never met anyone from the Governor's Office or received visits from staff. She stressed the importance of staff knowing each member, understanding the Board's work, and ensuring the Board functions efficiently. She urged members to contact her with any concerns or questions.

Representative Haigh asked how many individuals were considered for Board appointments. Ms. Tanaka replied many individuals were considered for appointment. However, the position representing the Insurance/Surety Industry did not receive as many applications as some of the other positions. There was strong interest by many individuals to serve on the Board. Applications of individuals not appointed are retained by the Office for possible consideration for other board or commission appointments.

Acceptance of Agenda

Ms. Deakins asked for any changes or additions to the meeting agenda.

Representative Haigh suggested deferring the selection of the Chair until the end of the meeting to afford an opportunity for members to become acquainted as well as some time to discuss the selection of the Chair. Members concurred with the suggestion to defer selection of the Chair until the end of the meeting.

Mr. Absher requested adding a discussion about handling media inquiries from the press about the role of the CPARB. Members concurred with adding the discussion.

Daniel Absher moved, seconded by David Johnson, to approve the agenda as amended. Motion carried.

Board Organization & Operation

Ms. Deakins referred members to recommendations drafted for the Board's consideration to help ensure efficient and productive meetings of the Board that are consistent with procedures used by many boards and commissions. She acknowledged the assistance by the Governor's Office and House and Senate staff in preparing the draft.

Ms. Deakins reviewed each item under "Procedures:"

- Chair
- Meetings
- Attendance
- Quorum
- Agendas
- Public Comment During Meetings
- Decision-Making
- Meeting Minutes
- Open and Public Meetings Act
- Ad Hoc Subcommittees
- Staff & Technical Assistance Requests

Ms. Tanaka stressed the importance of each member's attendance and involvement on the Board in terms of when the Governor considers members for reappointment. She referred members to the chapter on attending Board meetings for more information.

Mr. Kommers inquired whether the minutes will be available on the web. Ms. Deakins indicated staff has discussed establishing a website for minutes after approval of the minutes by the Board. Representative Haigh stressed the importance to recognize any communications occurring through email by the Board is considered public information and perhaps a clearinghouse point could be established for Board communication.

Mr. Lynch noted the timeline for preparation of the meeting agenda does not afford sufficient time for members to add agenda items. Ms. Deakins noted each meeting agenda includes the approval of the agenda, which provides an opportunity to add agenda items.

Mr. Lynch requested clarification about the quorum. Ms. Deakins said the proposal requires six members for a majority vote regardless of how many members attend.

Mr. Eng referred to public comment and said affording the opportunity for public comment during agenda items is often helpful, especially if the Board is considering a specific concept, idea, or drafting language changes. He suggested the Board consider some flexibility about incorporating public comment during the course of the meeting. Mr. Eng said it should be at the Chair's discretion to allow public comment during a meeting at those times where it might be appropriate. Representative Haigh suggested including language that public comment may be afforded at the discretion of the Chair as well as a 30-minute period for public comment at the end of the meeting. Mr. Lynch suggested any public comment should be after the conclusion of the discussion by the Board. Ms. Crowson added there should be flexibility afforded for accepting public comment at any time during the meeting and that it should be noted on the agenda when public comment will be afforded.

Mr. Johnson suggested it would be appropriate for members to provide input on the next meeting agenda after the meeting and prior to 10 days before the next meeting to ensure the agenda is established in time to meet the 10-day public notification period.

Ms. Tanaka offered a suggestion for the Board to conduct a public meeting prior to the regularly scheduled meeting to take public comments. Representative Haigh recommended avoiding scheduling additional meetings for public comment. She noted that changes to the agenda can be accommodated at

the beginning of each meeting and would likely resolve the issue of public comment. Mr. Absher agreed with the option of giving the Chair discretion for receiving public comment.

Board members discussed the 10-day notification period, finalization of the meeting agenda, and the addition of agenda items during the meeting. Ms. Keller suggested any agenda items added during the course of the meeting should not be action items. Mr. Eng recommended sending a notice to members reminding them of the necessity to submit any agenda items in a timely fashion to meet the public notice requirements. Ms. Yang added that for some positions that are represented by several Board members, it will be important to provide timely notice of the agenda.

Ms. Deakins summarized the Board's agreement for establishing 10 working days for public notice of the meeting agenda, and possibly at the close of the meeting, the Board will submit the agenda to the Chair for the next meeting.

Ms. Deakins provided guidance about media contacts. Representative Haigh referred to her previous positions on various boards and indicated when a body makes a decision; each member should be supportive and provide leadership to the constituency no matter how the member feels about a particular issue. It's important for each member to practice good "Boardmanship." Sometimes it may be appropriate to say "no comment."

Ms. Tanaka referred the Board to page 20 of the *Board Commissions Membership Handbook* that addresses how members should respond to media contacts and encouraged members to read the information.

Several Board members shared that they have been contacted by the media and are often unsure what to convey. Ms. Crowson commented on the importance of establishing a website that includes the agenda and the Board's action on individual issues as a reference for the Board to ensure consistency of the Board's communication to the media. Mr. Lynch indicated his preference is not designating a spokesperson but that members should address questions when the media contacts them. However, a website might be helpful in reducing the number of media and public contacts.

Mr. Johnson said often times when a board has reached consensus, the media wants to know what the impacts may be to a specific industry or organization represented by the member. In that instance, it is often difficult to communicate with the media particularly if the decision is contrary to the member's constituency.

Boardmembers agreed to add a Vice Chair position.

Ms. Deakins reviewed proposed changes to *Procedures* as discussed by the Board:

- **Chair** – Add Vice Chair
- **Meetings** – No changes
- **Attendance** – No changes
- **Quorum** – No changes
- **Agendas** – Add clarification that at the close of each meeting, the Board will submit agenda items to the Chair for the next meeting. Add that any Board member may place an item on the agenda prior to finalization of the meeting agenda, and that non-action agenda items may be added at the beginning of each meeting.
- **Public Comments** – Add a provision that public comments may be taken at the discretion of the Chair during the meeting as well as accepting public comment of up to 30 minutes at the beginning of the meeting.

- **Decision-Making** – Clarify that a majority of six or more of the eleven voting members of the Board are required for adoption of motions. Board members and staff discussed the one pending vacancy of a voting member. Ms. Tanaka assured the Board the position will likely be filled prior to the next meeting. Mr. Eng pointed out the Board will not be successful if decisions are continually rendered by a six to five vote. The Board should strive to reach consensus if it wants to be successful. Ms. Deakins said it appears the Board agrees to include a provision that states, “consensus is the preferred method and if the Chair determines a consensus cannot be attained, the matter will go to a vote for action.” Board members agreed.
- **Meeting Minutes** – Ms. Deakins said staff will strive to create a website for the Board as a resource.

Ms. Deakins referred to questions about media contacts. Several members preferred not having an appointed spokesperson and would prefer allowing members of the Board to answer questions from the media that represent the position of the Board without commenting on their respective feelings or position about an issue or the position of their respective constituency. Mr. Absher commented on the language and asked whether he would breach the procedure by stating his opinion on an issue. Mr. Johnson said there are inherent flaws related to the matter because the media would likely call him or another member to ascertain what the different positions are between labor and business on an issue where the Board has rendered a decision. It is difficult to address media questions without having either a general statement or one assigned spokesperson to respond to inquiries. Representative Haigh said as a member of the Board, members have made the change from being an advocate for their organization to being a representative of the Board. It might be wise for the constituency to have another person respond to media inquiries because a member’s position may undermine the strength of the Board. Mr. Vaught said the Board’s process is in flux as there are many elements of the legislation that the Board will need to address until a consensus or decision is attained. He noted he appreciates the question because he was also contacted by the media but chose not to respond because the Board needs time to develop protocols for media contacts.

Board members agreed to include language stating, “Each member of the Board may answer questions representing the position of the Board without personal opinions or opinions representing personal constituencies. Members suggested the provision should also include a reference to refer to the handbook for the guidelines.

Discussion ensued on including language pertaining to Board members testifying at Legislative Committee meetings. Mr. Johnson recommended including language within the “Procedures” under “Protocol of the Board” that addresses the permissibility of Board members testifying before legislative committees that they may express their opinions or represent their constituency as long as they do not represent themselves as a member of the Board. Ms. Tanaka added that if the Board member is testifying in support of the Board’s action before a Legislative Committee it is preferable for the member to not represent the Board unless the member has been invited to attend the meeting as a representative of the Board. Ms. Crowson offered the suggestion of designating the Chair or the Vice Chair as the spokespeople for the Board when testifying and answering questions about the Board’s recommendations. *Boardmembers agreed not to include language addressing the issue and preferred leaving the matter to the discretion of the Chair.*

Rodney Eng moved, seconded by Dan Absher, to approve the Board’s Procedures as amended. Motion carried.

The meeting was recessed for a break from 11:40 a.m. to 11:53 a.m.

WORKING LUNCH & BRIEFING

Alternative Public Works Methods – Marsha Reilly, House Staff

Marsha Reilly, Office of Program Research, House of Representatives, provided a PowerPoint presentation on Public Works Contracting. Public works projects are work, construction, alteration, repair, or improvements other than regular maintenance completed for state agencies or local governments. Depending on a number of factors, public works projects may be performed by public employees, through self-performance, or contracted.

Ms. Reilly's presentation covered the following points:

- Contracting Methods – Small Works Roster, Design-Bid Build, Design-Build, General Contractor/Construction Manager (GC/CM), and Job Order Contracting.

Ms. Reilly described the process for all the contracting methods. Additional information was shared on Design-Bid-Build (DBB), Design Build, GC/CM, and Job Ordering Contracting to include procedures, specifications for using alternative procedures, evaluation factors, best and final offer, honorariums, who may use alternative methods, and allowable projects.

Representative Haigh referred to the Small Works Roster and asked how the state handles instances when five quotations for a project are not received. Mr. Lynch said the solicitation may include up to five contractors. Some contractors may not respond to the solicitation.

Representative Haigh inquired about negotiated contracting. Ms. Reilly said negotiated contracting is a method that Public Utility Districts (PUD) would like to establish. It is used primarily by the federal government and private firms. Mr. Lynch said legislation for the Board included the term "competitive negotiation." Representative Haigh suggested that if the method will be used the Board should become familiar with the process.

Representative Haigh referred to honorariums and asked if the Board should discuss the issue of honorariums. Mr. Eng replied design build is not extensively used and that from a public owner perspective jurisdictions are receiving five to six proposals once an honorarium of a specific amount is published. The honorarium is serving the purpose in promoting competition even though it may not defer much of the cost involved in preparing the proposal. Mr. Lynch added GA is undertaking two large projects and honorariums were established.

Representative Haigh asked whether there have been problems associated with the GC/CM alternative guaranteeing construction cost. Mr. Lynch said the guarantee is defined in the contract and there can be many reasons for not achieving a full guarantee. However, the issue should be discussed. Mr. Mequet said guarantees are often a point of misunderstanding as many people do not understand what a guarantee means. Mr. Absher said the timing of the guarantee also has an impact on what the guarantee means. Representative Haigh referred to the 2005 authorization to use Design-Bid-Build and GC/CM and noted the legislation highlights the intensity of the work the Board needs to complete in time for the next Legislative Session.

Ms. Crowson inquired about the methodology used for turn-key contracting where the state contracts with a private contractor for construction and the state takes possession of the completed building. Mr. Lynch provided information about the method for completing such projects. Ms. Reilly cited the statute authorizing the method.

Mr. Johnson suggested the Board should review capital projects that are managed by GA to gain a clear understanding about the effectiveness of the process. He asked about legislation for Small Works Roster and provisions pertaining to the definition of a “responsible contractor” and the criteria that must be satisfied in order to be considered a “responsible contractor.” Under the DBB alternative, a contract is awarded to the “lowest responsive bidder.” There is no definite description of a “responsive contractor” in terms of the DBB. Under GC/CM, there are evaluation factors such as the ability to meet time and budget requirements and past performance. There are clear criteria to work under the GC/CM alternative that are not required for the DBB alternative, which is the primary contracting method utilized by agencies. The issue has been problematic within the labor community because there are situations where members work for contractors with a less than stellar history but are the lowest responsive contractors. From the awarding agency perspective, many believe they are bound to accept the lowest responsive contractor regardless of any outstanding work or financial issues because there is no line-item list of criteria to qualify contractors. The issue was one of the primary drivers for initiating the Board.

Mr. Kommers said the legislation that created the Board includes the charge for the Board to develop and recommend to the legislature, qualification standards for general contractors bidding on alternative public works projects.

Mr. Lynch noted another authorized user, Public Facilities Districts, is mentioned in the Public Facilities Districts statute but not in Chapter 39.10 RCW. He noted smaller PFDs are authorized to use GC/CM while some of the regional universities cannot. He suggested there ought to be some consistency.

The meeting recessed for lunch from 12:20 p.m. to 12:36 p.m.

JLARC GC/CM Final Report – Isabel Muñoz-Colón, JLARC Staff

Isabel Muñoz-Colón, Joint Legislative Audit and Review Committee (JLARC), reported the 2003-2005 Capital Budget included a JLARC study of GC/CM in major public works. Current authorization for GC/CM will expire in 2007. The study examined several issues:

- How does industry research compare GC/CM to Design-Bid-Build (DBB)
- Identification of the entities that are using GC/CM
- Determine if there are performance indicators and benchmarks available to compare DBB to GC/CM
- Assess the state’s experience with the process

DBB, according to industry research, is very appropriate for projects of low to moderate complexity versus GC/CM, which is more appropriate for more complex projects. According to industry research, there is a lower design and management cost for DBB but with a potential for significant change orders and litigation costs due to design errors and omissions. In GC/CM, there are higher design and management costs at the front end but lower overall costs because the documents are more complete.

Ms. Muñoz-Colón reviewed entities utilizing GC/CM. At the state level, there are 53 GC/CM projects totaling \$2.7 billion. At the local level, there is more diversity in the entities that can use GC/CM. Currently, at the local level there are 55 projects totaling \$3.8 billion. She noted K-12 schools were given authority to complete 18 projects. Currently, 17 projects are assigned with the remaining project under negotiation.

The state does not currently collect consistent, reliable state and local-level data to analyze project performance. The study elements to review, included cost per-square foot, cost in time growth, quality, and change orders. To address the lack of data, an inventory of GC/CM projects was compiled. Surveys

were then sent to all the agencies with GC/CM projects to collect more detailed data as well as conducting 21 case studies to compare DBB to GC/CM at a closer level.

The state's experience with GC/CM reveals that three characteristics are present in the evaluation of the process within the state. GC/CM is being utilized with projects that need an aggressive schedule, such as a convention center. Agencies, for the most part, were able to establish a negotiated guaranteed maximum price with the contractor and remain within budget. There is also a collaborative relationship that developed between the owner and the contractor.

Two characteristics were found partially present in the evaluation. The first is project complexity. For the most part, agencies are using GC/CM for highly complex projects but there were instances where GC/CM was used to avoid problems with DBB and that the level of complexity criteria was not necessarily met for the project. Additionally, the analysis revealed that more resources were invested in the front part of the project and that most agencies were investing additional management resources at the beginning of the project but there were some agencies that lacked the involvement.

There are three areas that were not thoroughly analyzed due to the lack of data and information. The first area is shared risk. There was insufficient data to determine what level of risk the owner should assume versus what level should be transferred to the contractor. The second area was project costs. The data revealed that there are additional resources expended at the front end of a GC/CM project but because of project change order information and other data not tracked, it was not possible to ascertain if there was a decrease in the number of change orders or in the cost of change orders at the end of the project due to

The use of GC/CM. Finally, project quality data was lacking. The study did not find standardized quality criteria and was unable to determine if the GC/CM process led to better design and a better facility than DBB.

Ms. Muñoz-Colón reported the findings concluded that some agencies may be using GC/CM to overcome perceived deficiencies in the low-bid process in DBB. Study recommendations include recommending the Legislature through the CPARB should further analyze the implications of the low-bid requirement on major capital projects. The second conclusion is that executive-level oversight is critical to ongoing development of sound public works contracting policy. It is recommended the CPARB should be convened quickly to ensure the Board is prepared to provide recommendations to the Legislature before the 2007 termination date of GC/CM. The CPARB should consider adding to its work plan improving the consistency of GC/CM project documents across projects and jurisdictions. She cited the development of General Condition documents that new owners could use during the process to have a better understanding of what is expected from management in the oversight of a project. The final conclusion and recommendation is that the lack of sound, reliable, and consistent data collection is a major impediment to understanding the impacts of GC/CM. It is recommended that CPARB should, in consultation with the Office of Financial Management, develop standardized statewide performance indicators and benchmarks for all major public works projects, and project performance data should be collected on state and local projects to form a portfolio of projects.

Ms. Muñoz-Colón addressed questions about the consistency of data between the DBB and GC/CM processes. She noted that from agency-to-agency, there were different definitions of what constituted a change order versus a change order initiated by the contractor. There were different definitions of general condition documents. There was some concern about how much could be concluded from the data.

Mr. Mequet asked whether data exists on the number of owners that use incentive clauses for GC/CM. Ms. Muñoz-Colón replied the information was not included in the survey. However, fewer agencies are using incentive clauses. Initially, when GC/CM was first used in 1991, incentive clauses were included

within the contracts. However, the practice has been slowly dropped with later uses of GC/CM. The main reason for discontinuing incentives was that including incentives might cause a disincentive.

Ms. Crowson asked about the availability on information about mechanical subcontractors. Ms. Muñoz-Colón said the information can be provided to the Board.

Mr. Lynch asked about the different contracts and where they originated from. Ms. Muñoz-Colón said the biggest concern was with new owners or new users of GC/CM. Many owners who have used the GC/CM process previously have standardized documents that are clear about general conditions and responsibilities of the owner and the contractor. However, with newer owners, the documents were not as clear as to the conditions and responsibilities of the owner and the contractor.

Other Issues/Legislation Affecting Capital Projects

Ms. Deakins referred members to information about the listing of bills introduced during the 2005 Legislative Session related to public works as reference for the Board's work.

Board Draft Work Plan Review

Ms. Deakins reviewed a draft of the Board's work plan.

Mr. Kommers recommended establishing subcommittees to match the legislation for specific changes and recommendations related the following directives/categories:

1. Develop and recommend to the Legislature criteria that may be used to determine effective and feasible use of alternative contracting procedures;
2. Develop and recommend to the Legislature qualification standards for general contractors bidding on Alternative Public Works projects;
3. Develop and recommend to the Legislature policies to further enhance the quality, efficiency, and accountability of capital construction projects through the use of traditional and alternative delivery methods in Washington, and make recommendations regarding expansion, continuation, elimination, or modification of the Alternative Public Works contracting methods;
4. Evaluate the potential future use of other alternative contracting procedures including competitive negotiation contracts.

Mr. Lynch agreed with the suggestion.

Mr. Absher referred to item one and requested direction as to what the intent of the recommendation means. Mr. Eng provided some clarification about the recommendations. Representative Haigh emphasized consistency needs to be factored in recommending any legislation regardless of the cost or complexity of the project, which can be applied to all projects.

Mr. Eng referred to the number of Board members and the number of subcommittees and recommended combining recommendations three and four as it speaks to responsible bidders, negotiating, and other ideas the legislature wants considered. It's important to be realistic about the number of subcommittees and how the subcommittees will be established. Each subcommittee should have a diversity of representation to ensure a thorough discussion about the issues. Mr. Kommers reminded the Board that non-members may participate in the subcommittee. Mr. Lynch suggested it might be easier for each subcommittee to focus on particular elements and provide a report to the Board. Mr. Eng said he would likely concentrate efforts of the subcommittees on the first two recommendations because of legislation that will sunset in July 2007. There is considerable work necessary to achieve the ambitious goal of recommending legislation. He suggested the subcommittee should concentrate on Alternative Public Works and then consider the remaining legislation.

Ms. Deakins said staff also considers the first two items achievable possibly by the end of the year for work on criteria and qualification standards. The subcommittees could meet during the next several months and report to the Board in November to offer a recommendation and possibly a status report to the Legislature in January 2006. The subcommittees could reconvene in April 2006 to begin work on the extension of the legislation and the issues surrounding the legislation. By August 2006, the subcommittees could work toward presenting a recommendation for the 2007 Legislative Session. She noted the recommendations are staff's suggestion of what might be possible to accomplish. She added that documenting some progress will be important.

Mr. Kommers agreed that the first two items might be easier to begin with. Item three includes some of the elements that were inclusive in the JLARC study such as accountability, quality, and how the process is working. It appears that is where the Board should begin, i.e., what needs to be done to enhance the quality and make conclusive some of the inconclusive elements and what is working and not working.

He said it appears not to be confusing as to what entities are allowed to undertake GC/CM. There are some entities that are currently not allowed to use GC/CM that would like to use GC/CM and there are other entities that have limits that want the limits removed. It might be beneficial to begin with the efficiency and accountability of the methods and how they compare and what makes them work. Mr. Johnson agreed. The sunset on the GC/CM is important to consider. Item three is to develop and recommend to the Legislature policies to further enhance the quality, efficiency, and accountability of capital construction projects through the use of traditional and alternative delivery methods. There appears to be an assumption that the traditional methods are fine and that alternative methods should be pursued. However, traditional methods also need review and improvement as there are inherent problems that have been experienced over the years. He cited the difficulty of not starting the work from a solid baseline as there are existing problems with the traditional methods that need attention before recommending changes for alternative methods. Mr. Johnson strongly urged establishing a subcommittee to focus on Item three to consider ways to enhance accountability and delivery methods of traditional methods.

Representative Haigh suggested the Board should consider Item one even if the recommendation is an initial recommendation that will likely change. She said she agrees Item three is the goal, but that based on the availability of time, Item three will take more time. However, Item one would be preferable even if the recommendation is not finalized. It is important to have a discussion about the criteria and if the Board provides some recommended criteria it will provide the legislature with some guidance for introducing legislation. Mr. Lynch agreed with the suggestion to pursue Items one and two with the goal to have some sort of deliverable by December 2005. At the same time, the Board could also work on Items three and four due to the strong interest by many members.

Mr. Kommers questioned how to provide guidance or input on the entities that should use alternative methods without understanding what is currently working and not working. That is why Item three is important.

Members discussed the timeline and if the work is possible for completion by December 2005. Mr. Kommers offered that the Board could likely develop the priority issues for further work. It might be too aggressive to propose legislation in 2006. It is likely much work can be accomplished by December as the Board is aware of the issues and can prioritize them and begin working on suggested language.

Mr. Absher said there is much overlap between Items one and three and it is difficult to distinguish the items and selecting those issues that can be completed by the end of the year. There are current attempts to introduce legislation. School districts will want reauthorization in 2006. He suggested the Board

should review the issues and decide which issues should be resolved by the end of the year as opposed to just considering the four directives. He recommended not necessarily focusing on assigning subcommittees specific directives as outlined in the four directives to the Board but rather enable subcommittees to select those issues that can be addressed during the 2006 Legislative Session.

Mr. Vaught commented about school district projects and some of the benefits of alternatives for complex projects and occupied school projects. There are many safety issues that are addressed differently and there is focus on the program itself in terms of the impact of construction projects on an occupied school relative to the students' experience. In those instances, schools have encountered success. There have been problems with the process of contract management but there are also appropriate projects that should be considered for alternative contracting procedures.

Mr. Eng suggested establishing three subcommittees and pursuing Mr. Absher's suggestion of developing a list of issues that fall within the respective subcommittee. The Board may find there is an overlap of some issues and members will have to make a decision about assigning the issue to the appropriate subcommittee. Representative Haigh agreed and suggested that the two subcommittees that are already working – School District and Hospital, provide a presentation to the Board to share information on successful and unsuccessful experiences.

Ms. Keller said the subcommittee concept has worked very well for drawing out the issues. There likely will be many people who will want to be members of several subcommittees. She suggested combining the first three directives to develop some ideas for the next meeting.

Ms. Deakins added that staff also recommends each subcommittee provide a progress report at each Board meeting.

Mr. Absher agreed with the idea of two subcommittees providing a presentation to the Board at its next meeting with a list of issues that can be or should be pursued by the end of the year and issues that can be addressed in 2006.

Mr. Eng noted there are the four categories as set forth in the legislation. In the month going forward, he suggested each member emailing issues that should be added to the four categories to document all the issues. Ms. Deakins added the emails can be directed to her and she will coordinate the information with the Chair.

Mr. Johnson referred to the traditional method of contracting and indicated the Board is focusing attention on GC/CM. The study shows that GC/CM works to the degree that the awarding agencies are comfortable with the method as well as GA. Regarding the sunset, unless there are substantive issues that arise, there shouldn't be any reason why the deadline can't be extended. However, GC/CM is only part of the work of the Board. The Board has been directed to review all the processes and the fundamental contracting policy for public works can be improved as well. He said he doesn't want to overlook that aspect and only focus on GC/CM. There is a broad array of issues that the Board should consider beyond GC/CM.

Ms. Keller suggested designating two subcommittees and selecting two subcommittee chairs with all members submitting issues they believe belong in the four categories, and then assign the first subcommittee directives one and two and the second subcommittee directives three and four. The subcommittees could present a combined list to the Board at its October meeting with a goal to prioritize the list and render a recommendation.

Representative Haigh agreed dividing to two subcommittees would afford some feasibility to meet and review issues. The Board could then take the information and prioritize the issues.

Mr. Absher recommended spending time prior to the next meeting soliciting feedback about the issues and developing a list for review by the Board at its next meeting for the Board's prioritization and assignment to the appropriate subcommittee. It may not be necessary to immediately select subcommittees since the current effort is to solicit information. When members submit their respective list they should assign a priority.

Ms. Yang agreed and suggested deferring the issue of the subcommittees until the Board has the opportunity to define the issues. Members would also have the opportunity to review the categories and solicit feedback from their respective agencies.

Representative Haigh suggested including time for industry representatives to speak to the issues and provide feedback on each industry's position.

Mr. Vaught offered the suggestion of members sending staff their respective three key issues within the next several weeks with staff/Chair providing a consolidated and possibly an ordered list to the Board so members have some general sense of the key issues. He said he is also very interested to hear Mr. Johnson's comments about DBB. It will be important for all members to speak to their specific concerns. Mr. Absher recommended members should submit their list of prioritized issues without limiting them to three issues.

Ms. Deakins reviewed the request to take the individual lists and compile the issues into a master list that could be forwarded to members prior to the next meeting. During the Board meeting, each member would be afforded some time to present their respective issues.

Mr. Eng questioned whether the priorities would parallel the respective four categories or whether the priorities will comprise a combined list of issues. He said he doesn't have a suggested method but that the Board should agree on the process.

Several members agreed with the method of each member submitting a list of issues for prioritization and categorization by the Board at the October meeting.

Representative Haigh asked staff to prepare and send an outline for members to respond to. Ms. Deakins advised she will send the information out with a deadline for members to submit their issues.

Establish Next Meeting Agenda

Suggestions for the next meeting agenda included:

- 5-minute presentation by each Board member on their respective issues list
- 15-minute presentations by School District and Hospital District Subcommittees
- Discuss compilation of issues, prioritize and formulate subcommittees.
- Allow several hours for strategic planning for the outcome of the Board's work

Discussion ensued on Mr. Absher's comments about possibly utilizing the services of a professional facilitator to assist the Board. After additional discussion about several members representing more than one agency, the Board agreed each member should be invited to present their different perspectives. Board members agreed to arrange for a facilitator to facilitate the Board's discussion pertaining to the

compilation of issues, prioritization, and assignment of subcommittees. Mr. Lynch and Ms. Crowson offered to provide some information on names of facilitators.

Members agreed to the draft agenda:

- 5-minute presentation by each Board member on their respective issues list
- 15-minute presentations by School District and Hospital Districts Subcommittees
- Facilitated discussion on the compilation of issues and prioritization of issues
- Assign subcommittees and establish schedule.

Carolyn Crowson moved, seconded by David Johnson, to approve the draft agenda. Motion carried.

The meeting recessed for a break from 1:58 p.m. to 2:15 p.m.

Selection of Chair & Vice Chair

Ms. Deakins reviewed several administrative issues.

Each member's binder will be retained by staff to ensure the binders are available at each meeting.

Ms. Deakins distributed a copy of an article about the Board in the *Daily Journal*.

Ms. Deakins clarified the next meeting's presentations will be by all Board members and not just voting members. School district and hospital representatives will have 15 minutes for their respective presentation.

Ms. Deakins reviewed the procedures for selecting a Chair. She invited nominations for Chair.

Michael Mequet moved, seconded by Daniel Absher, to nominate John Lynch as Chair.

No other nominations were submitted and nominations were subsequently closed.

Mr. Lynch commented on his nomination. As GA has the responsibility for administering the Board, Mr. Lynch said he is pleased to Chair the Board.

Members voted unanimously to elect John Lynch as Chair.

Members discussed the Chair's term of office.

Rocky Sharp moved, seconded by Ed Kommers, to establish a 2-year term of office for the position of Chair. Motion carried.

Chair Lynch opened the floor for nominations of the Vice Chair.

Wendy Keller moved, seconded by Gerald Reifert, to nominate Rodney Eng as Vice Chair

Rocky Sharp moved, seconded by Dan Absher, to nominate Olivia Yang as Vice Chair

Rodney Eng moved, second by Carolyn Crowson, to nominate Kathy Haigh as Vice Chair.

There being no further nominations, Chair Lynch closed the nominations.

The nominees spoke to their respective nomination. Ms. Yang and Mr. Eng withdrew their nomination from consideration.

Members voted unanimously to elect Kathy Haigh as Vice Chair.

Other Business

Chair Lynch advised members of an opportunity offered by Darlene Septelka, Professor, Washington State University, to provide data assistance on a pro bono basis to the Board. He asked the Board to consider reimbursement of her travel expenses as she is traveling from the Spokane area.

Michael Mequet moved, seconded by Olivia Yang, to authorize the reimbursement to Darlene Septelka for travel expenses from Washington State University to Olympia for data assistance to the Board.

Mr. Absher offered a friendly amendment to cap the monthly travel reimbursement at \$500 and that attendance to Board meetings will be determined at the discretion of the Chair. The makers of the motion accepted the friendly amendment.

Motion carried.

Next Meeting

The next meeting is scheduled for October 13, 2005. Members discussed the meeting time and agreed to schedule the meeting to begin at 9:00 a.m. and end at 2:00 p.m. with a working lunch at the same location. Mr. Absher advised members he may arrive late to the October meeting.

Representative Haigh commented on the desire of the sponsoring legislators to ensure the Office of Financial Management is involved in the Board's work. She suggested ensuring a contact person is assigned from OFM to attend Board meetings. Chair Lynch confirmed he will contact OFM to invite a contact to attend meetings.

Members discussed future meeting dates and agreed to add the scheduling of future meetings to the October 13, 2005 meeting agenda.

Public Comments

Susanne Smith commented favorably about the seating of the Board and its pending work.

Adjournment

Chair Lynch expressed appreciation to members for participating on the Board. The Board has a real opportunity to improve public works in Washington.

Chair Lynch adjourned the meeting at 2:42 p.m.

Minutes approved on the 13th day of October, 2005, with modifications.

CPARB Draft Minutes
September 12, 2005

Prepared by: Valerie Gow, Recording Secretary
Puget Sound Meeting Services